

Message Text

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PAGE 01 LA PAZ 05760 222152Z
ACTION ARA-14

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UNCLAS LA PAZ 5760

FOR: DEPT PASS INTERIOR BUREAU OF MINES

E.O. 11652: N/A
TAGS: EMIN, BL
SUBJECT: BOLIVIAN PRESS REACTIONS TO ITC MEETING

1. PRESS REPORTS ON TUESDAY JULY 19 WERE LIGHT SINCE THEY WERE BASED ON REPORTING FROM LONDON. EL DIARIO FRONT PAGED A RATHER DETAILED AND OBJECTIVE ANALYSIS OF THE SITUATION IN TIN AND THE RESULTS OF THE SIXTH ITC MEETING. ARTICLE MENTIONED THAT US AND BOLIVIA WERE IN DISPUTE OVER THE FLOOR PRICE AND SAID BOLIVIA'S DESIRE FOR A PRICE EQUAL TO COST OF HIGHEST COST PRODUCERS OF TIN WAS REJECTED BY CONSUMERS BECAUSE THEY WERE UNABLE TO SUBSIDIZE MINES OPERATING AT A LOSS. HOY RAN A BRIEFER ARTICLE SAYING THE RESULTS OF THE ITC MEETING WERE SLIGHTLY FAVORABLE FOR BOLIVIA.

2. ON WEDNESDAY JULY 20 THE MINISTER OF MINES AND THE REPRESENTATIVES FROM THE BOLIVIAN DELEGATION TO THE ITC MEETING GAVE A PRESS CONFERENCE ON THE JULY ITC MEETING. ALL LA PAZ NEWSPAPERS ON THURSDAY JULY 21 FRONT PAGED ARTICLES ABOUT THE ITC MEETING. MOST IMPORTANT COMMENTS CENTERED
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PAGE 02 LA PAZ 05760 222152Z

ON FACT THAT: ITC APPROVED NEW BUFFER STOCK SCALE WITHOUT CONSIDERING PRODUCTION COSTS; BUFFER STOCK IS INOPERATIVE; THAT BOTH CONSUMERS AND PRODUCERS RIDICULED BOLIVIA'S INTERESTS (BURLARON) AND FINALLY THAT GOB WAS FORMING A COMMISSION TO SERIOUSLY STUDY WHETHER OR NOT BOLIVIA SHOULD PULL OUT OF ITC. HOY HEADLINES SCREAMED THAT BOLIVIA WOULD PULL OUT OF THE ITA. MINISTER OF MINES GENERAL VILLALPANDO

WAS QUOTED AS SAYING "THE ASPIRATIONS AND INTERESTS OF THE COUNTRY HAVE BEEN BLOCKED AND SLIGHTED BY THE INTRASIGENT ATTITUDE AND IMPOSITION OF THE CONSUMING COUNTRIES AS WELL AS BY THE LAMENTABLE DISSERTION OF THE DELEGATES FROM THE PRODUCING COUNTRIES". IN ADDITION TO FURTHER ATTACKS ON THE PRODUCING COUNTRIES FOR BREAKING THEIR PROMISES TO BOLIVIA, THE MINISTER SAID THAT SINCE THE USG JOINED THE ITA IT HAS BECOME EVEN LESS EQUAL AND HAS BEEN CONCERTED INTO A POLITICAL FORUM WHERE THE LARGE CONSUMER COUNTRIES IMPOSE THEIR WILL ON WEAKER PRODUCING COUNTRIES.

3. THE MINISTER SAID THAT THE REPORT OF THE PANEL ON COSTS AND PRICES WAS DISCUSSED ON JULY 12 AND HAD BEEN SEEN BEFORE THE ITC MEETING AND AGREED TO BY THE GOB EVEN THOUGH IT INCLUDED A RESERVATION BY THE UNITED STATES. HOWEVER, THE BOLIVIAN DELEGATION WAS SURPRISED BY THE FINAL VERSION OF THE REPORT WHICH CONTAINED AN ADDITIONAL RESERVATION BY THE USG TO THE EFFECT THAT THE PANEL OUGHT NOT IN THE FUTURE TO CONSIDER COSTS OF PRODUCTION IN ESTABLISHING (SIC) THE LEVEL OF THE BUFFER STOCK PRICE SCALE. THUS THE GOB FELT IT WAS BACK WHERE IT HAD BEGUN BEFORE CREATION OF THE PANEL AND THE REASON WHICH PROPELLED GOB TO FINALLY RATIFY THE ITA WAS UNDERMINED.

4. COMMENT: RRA PRIVATE DISCUSSIONS WITH SOME MEDIUM MINERS INDICATES THAT THEY ARE NOT ALL UPSET WITH THE UNCLASSIFIED

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PAGE 03 LA PAZ 05760 222152Z

PRICE RANGE AGREED TO AT THE ITC MEETING. THIS WAS UNDERLINED BY AN ARTICLE IN ULTIMA HORA OF JULY 20 (BEFORE THE PRESS CONFERENCE) THAT SAID NOT EVERYTHING WAS BAD FOR BOLIVIAN TIN AT THE ITC MEETING. INDEED, GOB APPEARED TO BE MORE BOTHERED BY THE APPARENT US TACTIC OF REMOVING PRODUCTIONS COSTS FROM PANEL CONSIDERATION IN CHANGING THE PRICE RANGE. THE GOB REACTION TO THE SIXTH ITC MEETING WAS VERY STRONG AND THEY HAVE PERHAPS OVERREACTED BUT ARE IN ANY CASE SERIOUS ABOUT STUDYING THE MATTER OF WITHDRAWING FROM THE ITA.

5. EMBASSY WOULD APPRECIATE FULLER DETAILS ON USG ACTION AT SIXTH ITC MEETING AND RATIONALE FOR OUR ACTIONS AND POSITION SO THAT WE MAY BETTER EXPLAIN OUR POSITION TO GOB.
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